

Daggett County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2005

Daggett County
TABLE OF CONTENTS
December 31, 2005

	Beginning on <u>Page</u>
INDEPENDENT ACCOUNTANT'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	11
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Net Assets - Fiduciary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Fiduciary Funds	25
Notes to the Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Class "B" Road Fund	46
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Service District	47

(Continued on next page)

Daggett County
TABLE OF CONTENTS (continued)
December 31, 2005

	Beginning on <u>Page</u>
(Continued from previous page)	
SUPPLEMENTARY INFORMATION	49
Combining Fund Statements and Schedules:	
Combining Balance Sheet – Administrative Segments of General Fund	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Administrative Segments of General Fund	53
Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	55
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds	57
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Project Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Project Funds	59
Schedule of Current Taxes Levied, Collected and Treasurer's Relief	61
OTHER REPORTS	63
Report on Compliance with State Fiscal Laws	65
Report on Compliance and on Internal Control over Financial Reporting	67
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance	69
Findings and Recommendations	71
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	74
Summary Schedule of Prior Audit Findings	75

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435)637-1203 · FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Daggett County
Manila, Utah 84046

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Daggett County, Utah, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Daggett County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

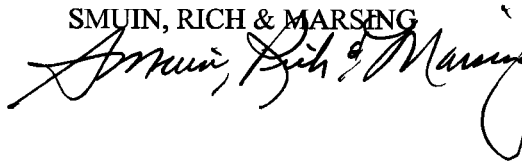
In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2006 on our consideration of Daggett County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Daggett County's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These statements and schedules are also the responsibility of the management of the County.

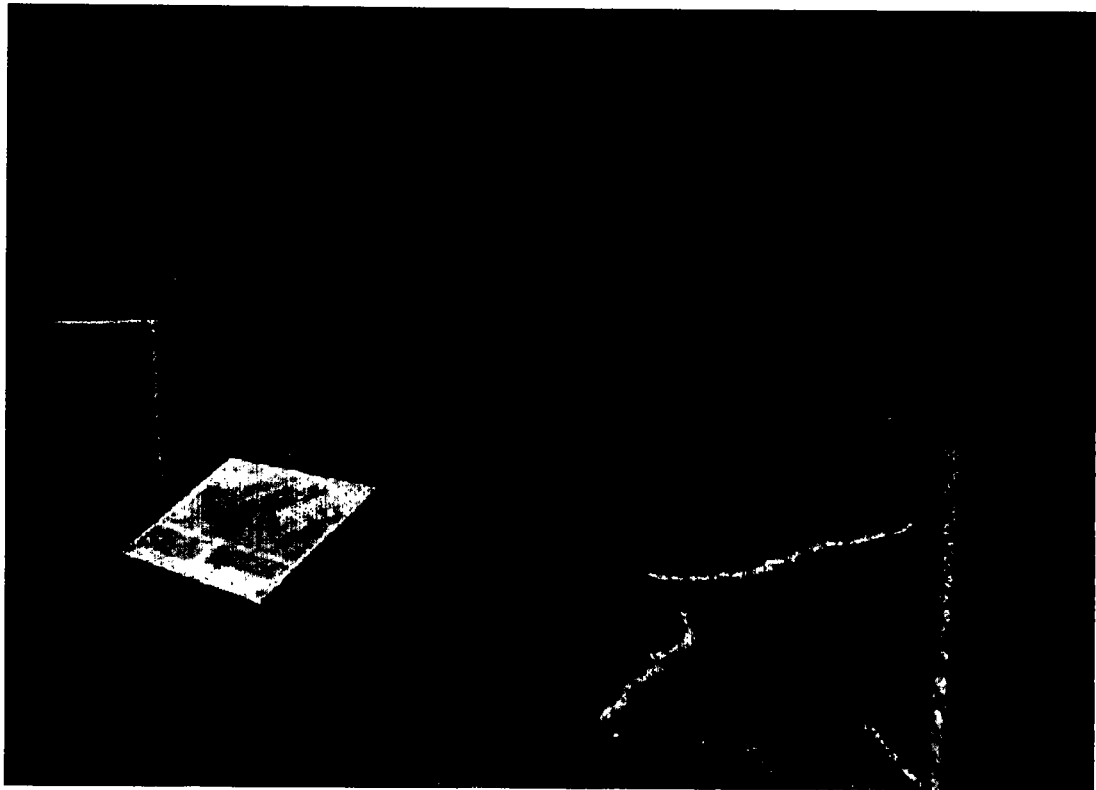
Such additional information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written over the printed name.

Price, Utah

May 20, 2006



MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank.

Daggett County
Management's Discussion and Analysis
December 31, 2005

As management of Daggett County (the County), we offer readers of the County's financial statements this narrative overview and analysis of financial activities of the County for the fiscal year ended December 31, 2005.

FINANCIAL HIGHLIGHTS

- *Total net assets for the County as a whole increased by \$674,645.
- *Total unrestricted net assets for the County as a whole increase by \$407,875.
- *Total net assets for governmental activities increased by \$498,644.
- *Total net assets for business-type activities increased by \$176,001.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Daggett County. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the County available to cover any remaining costs of the functions or programs.

Daggett County
Management's Discussion and Analysis
December 31, 2005

FINANCIAL ANALYSIS

Daggett County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Current and other assets	\$2,707,209	2,402,404	2,973,406	2,906,516	5,680,615	5,308,920
Net capital assets	<u>7,671,787</u>	<u>7,657,621</u>	<u>14,565,045</u>	<u>14,312,107</u>	<u>22,236,832</u>	<u>21,969,728</u>
Total assets	<u>10,378,996</u>	<u>10,060,025</u>	<u>17,538,451</u>	<u>17,218,623</u>	<u>27,917,447</u>	<u>27,278,648</u>
Current liabilities	355,119	393,491	231,387	90,228	586,506	483,718
Long-term liabilities	<u>2,334,699</u>	<u>2,476,000</u>	<u>2,668</u>	-	<u>2,337,367</u>	<u>2,476,000</u>
Total liabilities	<u>2,689,818</u>	<u>2,869,491</u>	<u>234,055</u>	<u>90,228</u>	<u>2,923,873</u>	<u>2,959,718</u>
Net assets:						
Capital assets, net of debt	5,292,887	5,181,621	14,243,905	14,312,107	19,536,792	19,493,728
Restricted	<u>1,117,945</u>	<u>894,238</u>	-	-	<u>1,117,945</u>	<u>894,238</u>
Unrestricted	<u>1,278,346</u>	<u>1,114,675</u>	<u>3,060,492</u>	<u>2,816,289</u>	<u>4,338,838</u>	<u>3,930,963</u>
Total net assets	<u>\$7,689,178</u>	<u>7,190,534</u>	<u>17,304,396</u>	<u>17,128,395</u>	<u>24,993,574</u>	<u>24,318,930</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$24,993,574, an increase of \$674,645 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$4,338,838, which represents an increase of \$407,875 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Daggett County
Management's Discussion and Analysis
December 31, 2005

FINANCIAL ANALYSIS (continued)

Daggett County's Changes in Net Assets:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Program revenues:						
Charges for services	\$2,896,335	2,621,500	116,412	215,678	3,012,747	2,837,178
Operating grants	1,219,506	1,132,664	378,259	338,066	1,597,765	1,470,730
Capital grants	-	20,000	-	-	-	20,000
General revenues:						
Property taxes	795,311	634,248	-	-	795,311	634,248
Sales tax	315,618	71,657	-	-	315,618	71,657
Other taxes	15,140	229,760	-	-	15,140	229,760
Other revenues	<u>110,045</u>	<u>159,526</u>	<u>189,559</u>	<u>16,794</u>	<u>299,604</u>	<u>176,320</u>
Total revenues	<u>5,351,955</u>	<u>4,869,355</u>	<u>684,230</u>	<u>570,538</u>	<u>6,036,185</u>	<u>5,439,893</u>
Expenses:						
General government	948,126	849,160	-	-	948,126	849,160
Public safety	2,894,420	2,889,740	-	-	2,894,420	2,889,740
Public health	9,073	8,475	-	-	9,073	8,475
Highways and improvements	787,647	1,041,795	-	-	787,647	1,041,795
Parks and recreation	33,704	34,164	-	-	33,704	34,164
Economical development	66,423	49,864	-	-	66,423	49,864
Interest on long-term debt	113,918	120,315	-	-	113,918	120,315
Dutch John	-	-	<u>508,229</u>	<u>379,623</u>	<u>508,229</u>	<u>379,623</u>
Total expenses	<u>4,853,311</u>	<u>4,993,513</u>	<u>508,229</u>	<u>379,623</u>	<u>5,361,540</u>	<u>5,373,136</u>
Excess (deficiency) before transfers and contributions	498,644	(124,158)	176,001	190,915	674,645	66,757
Transfers	-	<u>80,000</u>	-	<u>(80,000)</u>	-	-
Change in net assets	\$ <u>498,644</u>	<u>(44,158)</u>	<u>176,001</u>	<u>110,915</u>	<u>674,645</u>	<u>66,757</u>

Total revenues increased by \$596,292, while total expenses decreased by \$11,596. The total net increase for the year of \$674,645 is an increase from the previous year of \$607,888.

Governmental activities revenues of \$5,351,955 is an increase of \$482,600 from the previous year. Charges for services at the jail increased as well as sales taxes. Governmental activities expenses of \$4,853,311 is decrease of \$140,202 from the previous year. The decrease in highway expenditures offset increases in other areas.

Business-type activities revenue of \$684,230 is an increase of \$113,692 from the previous year. Revenues in the business-type activities tend to remain fairly constant. An interest income increase provided the most significant difference in revenues. Business-type activities expenses of \$508,229 is an increase of \$128,606 from the previous year. Increased cost of personal services and increased general maintenance costs contribute to this increase.

Daggett County
Management's Discussion and Analysis
December 31, 2005

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more notable changes in fund balances and fund net assets of the significant funds of the County are presented below.

General Fund

Jail operations are kept in separate funds on the County records for administration and accounting purposes, but are reported within the general fund in the basic financial statements as required by generally accepted accounting principles and the State Auditor. The detail of each of these activities is presented in a combining statement in the Supplementary Information Section. The following discussion related to the combined general fund as presented in the basic financial statements.

The fund balance of \$317,315 reflects an increase of \$133,555 from the previous year. Total revenues, other than capital lease financing proceeds of \$51,900, amounted to \$3,957,425. The largest single category of revenues is in charges for services which are principally the jail service contracts with other governments.

Total expenditures, exclusive of transfers of \$129,309, were \$3,746,461. The department with the highest expenditures is public safety, which administers the jail and the service contracts noted above. The second highest department in expenditures is general government which provides most of the administrative activity within the County.

Dutch John Fund

Grant revenues totaling \$378,259 were received during the year. Interest income was \$100,176. Other revenue is principally charges for services for utilities and housing. Total expense, including depreciation of \$81,588, was \$508,229. The net result is an increase in net assets of the Dutch John Fund of \$176,001.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, other than capital lease financing proceeds, transfers, and fund balance appropriations, were originally budgeted in the amount of \$3,844,047. This amount was changed in the final budget to \$4,008,026.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$3,930,048. This amount was amended in the final budget to \$4,104,064.

Net transfers for the year were originally budgeted in the amount of \$170,452. The final net transfer budget was \$202,761.

Daggett County
Management's Discussion and Analysis
December 31, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

Daggett County's Capital Assets (net of depreciation):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Prior Year</u>
Net Capital Assets:						
Housing in construction	\$ -	-	321,141	-	321,141	-
Land and water rights	357,218	351,218	12,600,983	12,600,983	12,958,201	12,952,201
Buildings and improvements	3,455,441	3,438,719	478,953	498,881	3,934,394	3,937,600
Equipment	1,160,537	1,060,968	265,947	286,546	1,426,484	1,347,514
Infrastructure	<u>2,698,591</u>	<u>2,806,716</u>	<u>898,021</u>	<u>925,697</u>	<u>3,596,612</u>	<u>3,732,413</u>
Totals	<u>\$7,671,787</u>	<u>7,657,621</u>	<u>14,565,045</u>	<u>14,312,107</u>	<u>22,236,832</u>	<u>21,969,728</u>

The total amount of capital assets, net of depreciation, of \$22,236,832 is an increase of \$267,1046 from the previous year.

Governmental activities capital assets, net of depreciation, of \$7,671,787 is an increase of \$14,166 from the previous year.

Business-type activities capital assets, net of depreciation, of \$14,565,045 is an increase of \$252,938 from the previous year. The County started construction on low income housing units during the year which will be sold to consumers.

Additional information regarding capital assets may be found in the notes to financial statements.

Daggett County
Management's Discussion and Analysis
December 31, 2005

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Daggett County's Outstanding Debt:

	Current <u>Year</u>	Previous <u>Year</u>
Governmental activities:		
Capital Lease	\$ 33,900	-
Compensated absences	108,479	111,952
GO Series 1998A	2,225,000	2,350,000
GO Series 1998B	<u>120,000</u>	<u>126,000</u>
Total outstanding debt	<u>\$2,487,379</u>	<u>2,587,952</u>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the County are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Daggett County's finances for all those with an interest in the County's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Daggett County Recorder/Auditor, P.O. Box 219, Manila, Utah 84046.



BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

Daggett County
STATEMENT OF NET ASSETS
December 31, 2005

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 445,538	56,976	502,514
Investments	1,460,374	2,855,732	4,316,106
Accounts receivable, net	49,404	38,306	87,710
Property tax receivable	209,122	-	209,122
Due from other governments	542,265	22,392	564,657
Other assets	505	-	505
Total current assets	<u>2,707,209</u>	<u>2,973,406</u>	<u>5,680,615</u>
Non-current assets:			
Housing under construction	-	321,141	321,141
Capital assets, net of depreciation	7,671,787	14,243,905	21,915,692
Total non-current assets	<u>7,671,787</u>	<u>14,565,045</u>	<u>22,236,832</u>
Total assets	<u>\$10,378,996</u>	<u>17,538,451</u>	<u>27,917,447</u>
LIABILITIES:			
Current Liabilities:			
Cash deficit	\$ -	22,904	22,904
Accounts payable	194,485	35,941	230,426
Accrued interest payable	7,684	-	7,684
Construction financing loans	-	172,542	172,542
Capital lease due within one year	16,950	-	16,950
Revenue bonds due within one year	136,000	-	136,000
Total current liabilities	<u>355,119</u>	<u>231,387</u>	<u>586,506</u>
Non-current liabilities:			
Compensated absences	108,749	2,668	111,417
Capital lease due after one year	16,950	-	16,950
Revenue bonds due after one year	2,209,000	-	2,209,000
Total non-current liabilities	<u>2,334,699</u>	<u>2,668</u>	<u>2,337,367</u>
Total liabilities	<u>2,689,818</u>	<u>234,055</u>	<u>2,923,873</u>
NET ASSETS:			
Invested in capital assets, net of related debt:	5,292,887	14,243,905	19,536,792
Restricted:			
Class B roads	241,787	-	241,787
Capital projects	319,381	-	319,381
Roads & transportation	556,777	-	556,777
Unrestricted	1,278,346	3,060,492	4,338,838
Total net assets	<u>7,689,178</u>	<u>17,304,396</u>	<u>24,993,574</u>
Total liabilities and net assets	<u>\$10,378,996</u>	<u>17,538,451</u>	<u>27,917,447</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 948,126	282,351	127,013	-	(538,762)
Public safety	2,894,420	2,610,184	272,193	-	(12,043)
Public health	9,073	-	-	-	(9,073)
Highways and public works	787,647	-	804,159	-	16,512
Parks and recreation	33,704	3,800	7,908	-	(21,996)
Economic development	66,423	-	8,233	-	(58,189)
Interest on long-term debt	<u>113,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,918)</u>
Total governmental activities	<u>4,853,311</u>	<u>2,896,335</u>	<u>1,219,506</u>	<u>-</u>	<u>(737,469)</u>
Business-type activities:					
Dutch John	<u>508,229</u>	<u>116,412</u>	<u>378,259</u>	<u>-</u>	<u>(13,558)</u>
Total business-type activities	<u>508,229</u>	<u>116,412</u>	<u>378,259</u>	<u>-</u>	<u>(13,558)</u>
Total primary government	<u>\$5,361,540</u>	<u>3,012,747</u>	<u>1,597,765</u>	<u>-</u>	<u>(751,028)</u>

(Continued on next page)

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
CHANGE IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$(737,469)</u>	<u>(13,558)</u>	<u>(751,028)</u>
General revenues:			
Property taxes	584,421	-	584,421
In lieu of property tax	89,216	-	89,216
Sales taxes	315,618	-	315,618
Other taxes	15,140	-	15,140
Assessing and collecting	121,674	-	121,674
Unrestricted investment earnings	63,965	100,176	164,141
Miscellaneous	46,080	89,383	135,463
Total general revenues	<u>1,236,113</u>	<u>189,559</u>	<u>1,425,672</u>
Change in net assets	<u>498,644</u>	<u>176,001</u>	<u>674,645</u>
Net assets - beginning	<u>7,190,534</u>	<u>17,128,395</u>	<u>24,318,930</u>
Net assets - ending	<u>\$7,689,178</u>	<u>17,304,396</u>	<u>24,993,574</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2005

	General Fund	Class "B" Roads	Roads and Transportation Special Service District	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 25	195,267	-	596,027	791,319
Investments	99,602	-	1,360,772	-	1,460,374
Accounts receivable	19,821	14,065	-	15,519	49,404
Property tax receivable	209,122	-	-	-	209,122
Due from other governments	439,472	82,221	-	20,572	542,265
Other assets	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505</u>
TOTAL ASSETS	<u>768,547</u>	<u>291,552</u>	<u>1,360,772</u>	<u>632,118</u>	<u>3,052,989</u>
LIABILITIES					
Cash deficit	289,295	46,038	-	10,447	345,780
Accounts payable	<u>161,938</u>	<u>3,727</u>	<u>-</u>	<u>28,820</u>	<u>194,485</u>
TOTAL LIABILITIES	<u>451,233</u>	<u>49,765</u>	<u>-</u>	<u>39,268</u>	<u>540,265</u>
FUND BALANCES					
Reserved for:					
Jail	152,892	-	-	-	152,892
Roads	-	241,787	-	-	241,787
Road & transportation	-	-	556,777	-	556,777
Capital projects	-	-	-	319,381	319,381
Unreserved, reported in:					
General Fund	164,423	-	-	-	164,423
Road & transportation	-	-	803,995	-	803,995
Special revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,469</u>	<u>273,469</u>
TOTAL FUND BALANCES	<u>317,315</u>	<u>241,787</u>	<u>1,360,772</u>	<u>592,850</u>	<u>2,512,724</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$768,547</u>	<u>291,552</u>	<u>1,360,772</u>	<u>632,118</u>	<u>3,052,989</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2005

	General Fund	Class "B" Roads	Roads and Transportation Special Service District	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$584,421	-	-	-	584,421
In lieu of property tax	62,996	-	26,220	-	89,216
Sales	230,046	-	-	-	230,046
Other taxes	15,140	-	-	85,572	100,712
Assessing and collecting	121,674	-	-	-	121,674
Licenses and permits	29,704	-	-	-	29,704
Intergovernmental	152,995	457,982	346,177	262,353	1,219,506
Charges for services	2,641,267	-	-	153,324	2,794,591
Fines and forfeitures	72,040	-	-	-	72,040
Interest income	21,253	-	42,712	-	63,965
Miscellaneous revenue	25,889	14,904	-	10,157	50,951
Total revenues	<u>3,957,425</u>	<u>472,886</u>	<u>415,109</u>	<u>511,405</u>	<u>5,356,826</u>
EXPENDITURES:					
General government	886,859	-	-	34,326	921,185
Public safety	2,461,720	-	-	262,615	2,724,334
Public health	9,073	-	-	-	9,073
Highways and public works	22,375	330,699	281,109	-	634,183
Parks and recreation	15,591	-	-	12,508	28,099
Economic development	-	-	-	66,423	66,423
Capital outlay	89,000	6,000	-	283,335	378,336
Debt service:					
Principal	149,000	-	-	-	149,000
Interest	112,843	-	-	-	112,843
Total expenditures	<u>3,746,461</u>	<u>336,699</u>	<u>281,109</u>	<u>659,207</u>	<u>5,023,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,964</u>	<u>136,187</u>	<u>134,000</u>	<u>(147,801)</u>	<u>333,349</u>
Other Financing Sources (Uses):					
Capital lease financing	51,900	-	-	-	51,900
Transfers in	-	30,000	-	99,309	129,309
Transfers out	(129,309)	-	-	-	(129,309)
Total other financing sources (uses)	<u>(77,409)</u>	<u>30,000</u>	<u>-</u>	<u>99,309</u>	<u>51,900</u>
Net change in fund balances	133,555	166,187	134,000	(48,492)	385,249
Fund balances - beginning of year	<u>183,759</u>	<u>75,600</u>	<u>1,226,772</u>	<u>641,342</u>	<u>2,127,474</u>
Fund balances - end of year	<u>\$317,315</u>	<u>241,787</u>	<u>1,360,772</u>	<u>592,850</u>	<u>2,512,724</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**
December 31, 2005

Total Fund Balances for Governmental Funds	<u>\$2,512,724</u>
---	---------------------------

Total net assets reported for governmental activities in the statement
are different because:

Capital assets used in governmental funds are not financial resources and
therefore are not reported in the funds.

Capital assets, at cost	12,386,076
Less accumulated depreciation	<u>(4,714,289)</u>
Net capital assets	<u>7,671,787</u>

Long-term debt, for funds other than enterprise funds, are recorded in
the government-wide statements but not in the fund statements.

General long-term debt	<u>(2,378,900)</u>
------------------------	---------------------------

Interest accrued but not yet paid on general long-term debt	<u>(7,684)</u>
---	-----------------------

Compensated absence liability	<u>(108,749)</u>
-------------------------------	-------------------------

Total Net Assets of Governmental Activities	<u>\$7,689,178</u>
--	---------------------------

The notes to the financial statements are an integral part of this statement.

Daggett County
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

December 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$385,249**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	378,336
Depreciation expense	<u>(359,298)</u>
Net	<u>19,037</u>

Retirement of fixed assets reduces the total fixed assets in the statement of net assets however, no expenditure or revenue is recognized in the statement of activities.

Book cost of retired assets	(4,871)
-----------------------------	---------

Issuance of long-term debt provides current financial resources in the governmental fund but increases long-term liabilities in the statement of net assets.

Long-term debt issued - capital leases	(51,900)
--	----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	149,000
-------------------------------------	---------

Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.

Change in accrued interest on long-term debt at end of period	(1,075)
---	---------

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in government funds.

Change in compensated absences liability	<u>3,203</u>
--	--------------

Change in Net Assets of Governmental Activities	<u>\$498,644</u>
---	-------------------------

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Dutch John Enterprise</u>	<u>Low Income Housing</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 56,976	-	56,976
Investments	2,855,732	-	2,855,732
Accounts receivable, net	38,306	-	38,306
Due from other governments	7,035	15,357	22,392
Due from other funds	120,000	-	120,000
Total current assets	<u>3,078,049</u>	<u>15,357</u>	<u>3,093,406</u>
Non-current assets:			
Housing under construction	-	321,141	321,141
Land, equipment, buildings, and improvements	14,745,025	-	14,745,025
Less: Accumulated depreciation	(501,120)	-	(501,120)
Total non-current assets	<u>14,243,905</u>	<u>321,141</u>	<u>14,565,045</u>
TOTAL ASSETS	<u>17,321,954</u>	<u>336,497</u>	<u>17,658,451</u>
LIABILITIES			
Current liabilities:			
Cash deficit	-	22,904	22,904
Accounts payable	14,889	21,052	35,941
Due to other funds	-	120,000	120,000
Housing construction financing loans	-	172,542	172,542
Total current liabilities	<u>14,889</u>	<u>336,497</u>	<u>351,387</u>
Non-current liabilities:			
Compensated absences	2,668	-	2,668
Total non-current liabilities	<u>2,668</u>	<u>-</u>	<u>2,668</u>
TOTAL LIABILITIES	<u>17,557</u>	<u>336,497</u>	<u>354,055</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,243,905	-	14,243,905
Unrestricted	3,060,492	-	3,060,492
TOTAL NET ASSETS	<u>17,304,396</u>	<u>-</u>	<u>17,304,396</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$17,321,954</u>	<u>336,497</u>	<u>17,658,451</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Dutch John Enterprise</u>	<u>Low Income Housing</u>	<u>Total Enterprise Funds</u>
OPERATING INCOME:			
Charges for service	\$ 116,412	-	116,412
Other income	83,133	-	83,133
Total operating income	<u>199,545</u>	<u>-</u>	<u>199,545</u>
OPERATING EXPENSE:			
Personal services	155,392	-	155,392
Supplies & maintenance	61,589	-	61,589
Contractual services	140,143	-	140,143
Utilities	69,385	-	69,385
Miscellaneous	131	-	131
Depreciation	81,588	-	81,588
Total operating expense	<u>508,229</u>	<u>-</u>	<u>508,229</u>
Operating income	<u>(308,684)</u>	<u>-</u>	<u>(308,684)</u>
Non-operating revenues (expenses):			
Grant revenue	378,259	-	378,259
Interest revenue	100,176	-	100,176
Total non-operating revenues (expenses)	<u>478,435</u>	<u>-</u>	<u>478,435</u>
Income (loss) before contributions	<u>169,751</u>	<u>-</u>	<u>169,751</u>
Capital contributions	6,250	-	6,250
Change in net assets	176,001	-	176,001
Total net assets - beginning	<u>17,128,395</u>	<u>-</u>	<u>17,128,395</u>
Total net assets - ending	<u>\$17,304,396</u>	<u>-</u>	<u>17,304,396</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ending December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Dutch John Enterprise</u>	<u>Low Income Housing</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers - service	193,025	-	193,025
Cash paid suppliers	(296,496)	-	(296,496)
Cash paid to employees	(138,588)	-	(138,588)
Net cash provided (used) in operating activities	<u>(242,059)</u>	<u>-</u>	<u>(242,059)</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	120,000	120,000
Cash received from loan agreements	-	<u>157,185</u>	<u>157,185</u>
Net cash provided (used) in noncapital financing activities	<u>-</u>	<u>277,185</u>	<u>277,185</u>
Cash flows from capital and related financing activities:			
Cash received from grants	376,066	-	376,066
Cash payments for construction and acquisition of assets	(7,136)	(300,089)	(307,225)
Net cash provided (used) in capital and related financing activities	<u>368,930</u>	<u>(300,089)</u>	<u>68,841</u>
Cash flows from investing activities:			
Cash received from interest earned	100,176	-	100,176
(Increase) or decrease in investments	14,156	-	14,156
Cash loaned to low income housing	(120,000)	-	(120,000)
Net cash provided (used) in investing activities	<u>(5,668)</u>	<u>-</u>	<u>(5,668)</u>
Net increase (decrease) in cash	121,203	(22,904)	98,300
Cash balance, beginning	(64,227)	-	(64,227)
Cash balance, ending (cash deficit)	<u>56,976</u>	<u>(22,904)</u>	<u>34,072</u>

Continued on next page

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the year ended December 31, 2005

**Reconciliation of Operating Income
to Net Cash Provided from Operating Activity:**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Dutch John</u>	<u>Low</u>	
	<u>Enterprise</u>	<u>Income</u>	<u>Total</u>
		<u>Housing</u>	
Net operating income (expense)	\$<u>(308,684)</u>	-	<u>(308,684)</u>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities			
Depreciation and amortization	81,588	-	81,588
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(6,521)	-	(6,521)
Increase (decrease) in accounts payable	<u>(8,443)</u>	<u>-</u>	<u>(8,443)</u>
Net cash provided in operating activity	\$<u>(242,059)</u>	<u>-</u>	<u>(242,059)</u>

Non-cash transactions: The County received a seized truck from the courts valued at \$6,250 which required no cash outlay.

The notes to the financial statements are an integral part of this statement.

Daggett County
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
December 31, 2005

	<u>Trust Funds</u>					
	<u>Search & Rescue</u>	<u>EMT Fundraiser</u>	<u>Court Fines</u>	<u>Inmate Commissary</u>	<u>Bail</u>	<u>Agency Fund</u>
Assets:						
Cash and cash equivalents	\$4,882	1,897	9,622	21	11,562	485,384
Receivables, net	-	-	-	-	-	10,455
Due from other governments	-	-	-	-	-	63,074
Total assets	<u>4,882</u>	<u>1,897</u>	<u>9,622</u>	<u>21</u>	<u>11,562</u>	<u>558,913</u>
Liabilities:						
Accounts payable	-	-	4,414	-	-	-
Deposits held for others	-	-	-	-	-	558,913
Total liabilities	<u>-</u>	<u>-</u>	<u>4,414</u>	<u>-</u>	<u>-</u>	<u>558,913</u>
Restricted	<u>4,882</u>	<u>1,897</u>	<u>5,208</u>	<u>21</u>	<u>11,562</u>	-
Total net assets	<u>\$4,882</u>	<u>1,897</u>	<u>5,208</u>	<u>21</u>	<u>11,562</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET ASSETS - FIDUCIARY FUNDS**
For the Year Ended December 31, 2005

	<u>Trust Funds</u>				
	<u>Search & Rescue</u>	<u>EMT Fundraise</u>	<u>Court Fines</u>	<u>Inmate Commissary</u>	<u>Bail</u>
Additions:					
Fines & forfeitures	-	-	69,930	-	-
Other revenues	<u>\$13,894</u>	<u>1,663</u>	<u>-</u>	<u>-</u>	<u>31,609</u>
Total additions	<u>13,894</u>	<u>1,663</u>	<u>69,930</u>	<u>-</u>	<u>31,609</u>
Deductions:					
Supplies	3,310	1,626	-	-	-
Repairs and maintenance	2,500	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>70,114</u>	<u>50</u>	<u>28,179</u>
Total deductions	<u>5,810</u>	<u>1,626</u>	<u>70,114</u>	<u>50</u>	<u>28,179</u>
Change in net assets	8,085	38	(184)	(50)	3,430
Total net assets - beginning	<u>(3,203)</u>	<u>1,860</u>	<u>5,393</u>	<u>71</u>	<u>8,132</u>
Total net assets - ending	<u>\$4,882</u>	<u>1,897</u>	<u>5,208</u>	<u>21</u>	<u>11,562</u>

The notes to the financial statements are an integral part of this statement.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Daggett County, (the County) is a municipal corporation located in Daggett County, Utah, and operates under a three-member County Commission form of government. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable.

Blended Component Units

Daggett County Road and Transportation Special Service District - The District was created by the adoption of a resolution establishing a service district. The District was created for the purpose of building, maintaining, or improving roads within the District's boundaries. The District has been established as a separate body politic and corporate, however the County appoints the board governing the district and is so intertwined with the County that it is, in substance, the same as the County and is reported as part of the County and blended into the appropriate funds. The District was audited and their report was issued under a separate cover. An audit report can be obtained from their administrative office in Manila, Utah.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets, report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the County are prepared in accordance with generally accepted accounting principles (GAAP). The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The County's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to County departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

**1-C. Measurement focus, basis of accounting, and financial statement presentation
(continued)**

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

1-D. Fund types and major funds

Governmental funds

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The County, for administration and accounting purposes, uses a Jail fund to account for the activities at the County Jail. This fund is reported with the general fund in accordance with generally accepted accounting principles and the State Auditor.

The *Class "B" road fund* is used to account for the revenues and expenditures used for repair, maintenance, and improvement of roads which are classified as B roads within the County boundaries.

The *Daggett County road and transportation special service district fund* is used to account for the receiving of mineral lease money and using these funds to construct, improve, and repair County roads for the benefit for the citizens of the County.

Proprietary funds

The County reports the following major proprietary funds:

The *Dutch John fund* is used to account for the resources collected and expenditures incurred for providing utility services to residents within the Dutch John area. The Dutch John Fund also accounts for funds received from the sale of land, and expenditures used for infrastructure improvements.

The *Low Income housing fund* is used to account for the construction costs and sale of low income housing.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the county as an agent for other governments, private organizations, or individuals. Agency Funds include the Treasurer's Tax Collection fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Trust Funds – The County has the following trust funds, Search and Rescue, EMT Fundraising, Court Finds, Inmate Commissary and Bail Fund, which it manages in a trustee capacity.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

1-E. Assets, Liabilities, and Net Assets or Equity

1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the County are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

2. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. All receivables are considered collectible. No allowance accounts are maintained. Property tax and intergovernmental receivables considered collectible. Customer accounts reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

4. Property Tax Calendar

Property taxes are assessed and collected by Daggett County. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

5. Restricted Assets

At times, the County may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted resources are applied first when eligible expenses are incurred.

6. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

7. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost of at least \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Infrastructure	40-50
Machinery and equipment	5-20
Vehicles	5-10

8. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt, are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Significant or material bond issuance costs are reported as deferred charges.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

9. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation which are legally restricted for specified purposes. Designations of fund balance represent tentative management plans that are subject to change.

The County reports the following reserved net assets:

Class B roads	\$ 32,456
Forest Service roads	209,331
Jail	152,892
Capital projects	319,381
Roads & transportation	556,777

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared by the County Auditor and adopted by the County Commission, in accordance with State law, on or before November 1 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commission at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Once adopted, the budget may be amended by the County Commission without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the County Commission, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund net assets

The Sheriff's Office UHP Fund has a deficit balance at year end of \$1,655.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of December 31, 2005 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 25
Demand deposits - checking	471,039
Investments - PTIF	<u>4,316,106</u>
Total cash and investments	<u>\$4,787,169</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents	\$493,967
Investments	4,316,106
Cash deficit	<u>(22,904)</u>
Total cash and cash equivalents	<u>\$4,787,169</u>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that county funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The County maintains monies not immediately needed for expenditure in PTIF.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

3-A. Deposits and investments (continued)

Deposit and Investment Risk

The County maintains no investment policy containing any specific provisions intended to limit the County's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The County's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the County are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. \$407,569 of the County's demand deposits is not covered by FDIC insurance.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

Accounts receivable are shown on the financial statements as follows:

	General Fund	Other Governmental Funds	Dutch John Enterprise Fund	Low Income Housing Fund	Total
Taxes	\$209,122	-	-	-	209,122
Accounts receivable	19,821	29,583	43,088	-	92,492
Due from other governments	<u>265,640</u>	<u>276,626</u>	<u>7,035</u>	<u>15,357</u>	<u>564,657</u>
Total receivables	<u>494,583</u>	<u>306,209</u>	<u>50,123</u>	<u>15,357</u>	<u>866,272</u>
Allowance for uncollectibles	-	-	(4,782)	-	(4,782)
Net receivables	<u>\$494,583</u>	<u>306,209</u>	<u>45,341</u>	<u>15,357</u>	<u>861,490</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 253,276	-	-	253,276
Rights of way	97,942	6,000	-	103,942
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>351,218</u>	<u>6,000</u>	<u>-</u>	<u>357,218</u>
Capital assets, being depreciated:				
Buildings	3,988,981	34,860	-	4,023,841
Improvements other than buildings	538,978	99,000	-	637,978
Machinery and equipment	1,750,705	238,476	28,365	1,960,816
Infrastructure	<u>5,406,223</u>	<u>-</u>	<u>-</u>	<u>5,406,223</u>
Total capital assets, being depreciated	<u>11,684,887</u>	<u>372,336</u>	<u>28,365</u>	<u>12,028,858</u>
Less accumulated depreciation for:				
Buildings	904,509	100,778	-	1,005,287
Improvements other than buildings	184,731	16,360	-	201,090
Machinery and equipment	689,737	134,036	23,494	800,279
Infrastructure	<u>2,599,507</u>	<u>108,125</u>	<u>-</u>	<u>2,707,632</u>
Total accumulated depreciation	<u>4,378,484</u>	<u>359,298</u>	<u>23,494</u>	<u>4,714,289</u>
Total capital assets being depreciated, net	<u>7,306,403</u>	<u>13,037</u>	<u>4,871</u>	<u>7,314,569</u>
Governmental activities capital assets, net	<u>\$7,657,621</u>	<u>19,037</u>	<u>4,871</u>	<u>7,671,787</u>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental Activities:	
General government	\$ 30,144
Public safety	170,086
Highways and public improvements	153,463
Parks, recreation and public property	<u>5,605</u>
Total	<u>\$359,298</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

3-C. Capital assets, continued

Capital asset activity for business-type activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$11,818,463	-	-	11,818,463
Water rights	782,520	-	-	782,520
Housing under construction	<u>-</u>	<u>321,141</u>	<u>-</u>	<u>321,141</u>
Total capital assets, not being depreciated	<u>12,600,983</u>	<u>321,141</u>	<u>-</u>	<u>12,922,124</u>
Capital assets, being depreciated:				
Buildings and structure	568,628	-	-	568,628
Water and sewer system	279,751	-	-	279,751
Machinery and equipment	451,949	13,386	-	465,335
Infrastructure	<u>830,328</u>	<u>-</u>	<u>-</u>	<u>830,328</u>
Total capital assets being depreciated	<u>2,130,656</u>	<u>13,386</u>	<u>-</u>	<u>2,144,042</u>
Less accumulated depreciation for:				
Buildings and structure	69,747	19,928	-	89,675
Water and sewer system	30,481	-	-	30,481
Machinery and equipment	165,403	33,985	-	199,388
Infrastructure	<u>153,900</u>	<u>27,676</u>	<u>-</u>	<u>181,576</u>
Total accumulated depreciation	<u>419,532</u>	<u>81,588</u>	<u>-</u>	<u>501,120</u>
Total capital assets being depreciated, net	<u>1,711,124</u>	<u>(68,202)</u>	<u>-</u>	<u>1,642,921</u>
Business-type activities capital assets, net	<u>\$14,312,107</u>	<u>252,939</u>	<u>-</u>	<u>14,565,045</u>

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-Type Activities:	
Dutch John	<u>\$81,588</u>
Total	<u>\$81,588</u>

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

3-D. Interfund transfers

Interfund transfers:

	<u>Transfer In:</u>			
	<u>Class B Road</u>	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total</u>
<u>Transfer out:</u>				
General	<u>\$30,000</u>	<u>38,309</u>	<u>60,000</u>	<u>128,309</u>
Total	<u>\$30,000</u>	<u>38,309</u>	<u>60,000</u>	<u>128,309</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

3-E. Short-term debt

Short-term debt activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Repaid</u>	<u>Ending Balance</u>
Business-type activities:				
Tax anticipation notes	-	\$199,384	199,384	-
Loan payable Dutch John Fund	-	120,000	-	120,000
Low Income Housing financing	-	<u>172,542</u>	-	<u>172,542</u>
Total short-term debt activity	-	<u>\$491,926</u>	<u>199,384</u>	<u>292,542</u>

The County issued tax anticipation notes to manage the temporary cash flow deficits that occur when the timing of required expenditures does not coincide with the timing of the collection of taxes and other revenues. The notes were issued in anticipation of collection of property taxes near the year end and are repaid with such collections.

The loan payable to the Dutch John Fund and the Low Income Housing financing are for the purpose of financing the construction of low income housing units and are repaid with the proceeds of the sales of the units.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

3-F. Long-term debt

Long-term debt obligations are as follows:

	Original Principal	% Rate	12/31/2004	Additions	Reductions	12/31/2005	Due Within One Year
<u>Governmental activities:</u>							
GO Series 1998A	\$2,800,000	3.00	\$2,350,000	-	125,000	2,225,000	130,000
GO Series 1998B	150,000	3.00	126,000	-	6,000	120,000	6,000
Capital lease	51,900	5.50	-	51,900	18,000	33,900	16,950
Compensated absences			<u>111,952</u>	<u>-</u>	<u>3,473</u>	<u>108,479</u>	<u>-</u>
Total governmental activity long-term liabilities			<u>\$2,587,952</u>	<u>51,900</u>	<u>152,473</u>	<u>2,487,379</u>	<u>152,950</u>

All bonds are general obligation bonds which were issued to finance the construction of the jail.
General obligation bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2006	152,950	107,512	260,462
2007	158,950	100,874	259,824
2008	147,000	93,996	240,996
2009	157,000	87,904	244,904
2010	162,000	81,320	243,320
2011-2015	924,000	294,104	1,218,104
2016-2020	<u>677,000</u>	<u>67,042</u>	<u>744,042</u>
Total	<u>\$2,378,900</u>	<u>832,752</u>	<u>3,211,652</u>

Capital Lease:

The County leases two public safety vehicles under capital lease which cost \$59,900. Depreciation is computed on a straight-line basis over the expected life of the assets of 5 years. The following is an analysis of the property under capital lease:

	Governmental Activities
Vehicles	\$51,900
Less accumulated amortization	<u>9,083</u>
Net	<u>\$42,817</u>

Schedule of future minimum lease payments and
present value of the net minimum lease payments:

Due 2006	18,815
Due 2007	<u>17,882</u>
Net minimum lease payments	36,697
Less amount representing interest at 5.5%	<u>2,797</u>
Present value of net minimum lease payments (1)	<u>\$33,900</u>

(1) Reflected in the balance sheet as current and non-current obligations under capital leases of \$16,950 and \$16,950, respectively.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates in the Utah Local Government Trust. All insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

4-B. Employee pension and other benefit plans

Plan Description: The County contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), and the Public Safety Noncontributory Retirement System (Public Safety Noncontributory System) for employers with (without) social security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy: In the Local governmental Noncontributory Retirement System, Daggett County is required to contribute 11.09% of their annual covered salary for the year ended December 31, 2005. In the Public Safety Retirement System for employers with (without) Social Security coverage non-contributory division members are required to contribute 12.29% of their covered salary and Daggett County is required to contribute 7.70% of covered salaries during the period from January 2005 through June 2005 and 7.95% during the period July 2005 through December 2005. The contribution rates are the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

Daggett County's contributions to the Local Governmental Noncontributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$95,638, \$71,576 and \$59,254, respectively. For the Public Safety Contributory Retirement System for December 31, 2005, 2004 and 2003 contributions were \$111,798, \$100,117 and \$65,150, respectively. The contributions were equal to the required contributions for each year.

Daggett County
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

4-B. Employee pension and other benefit plans (continued)

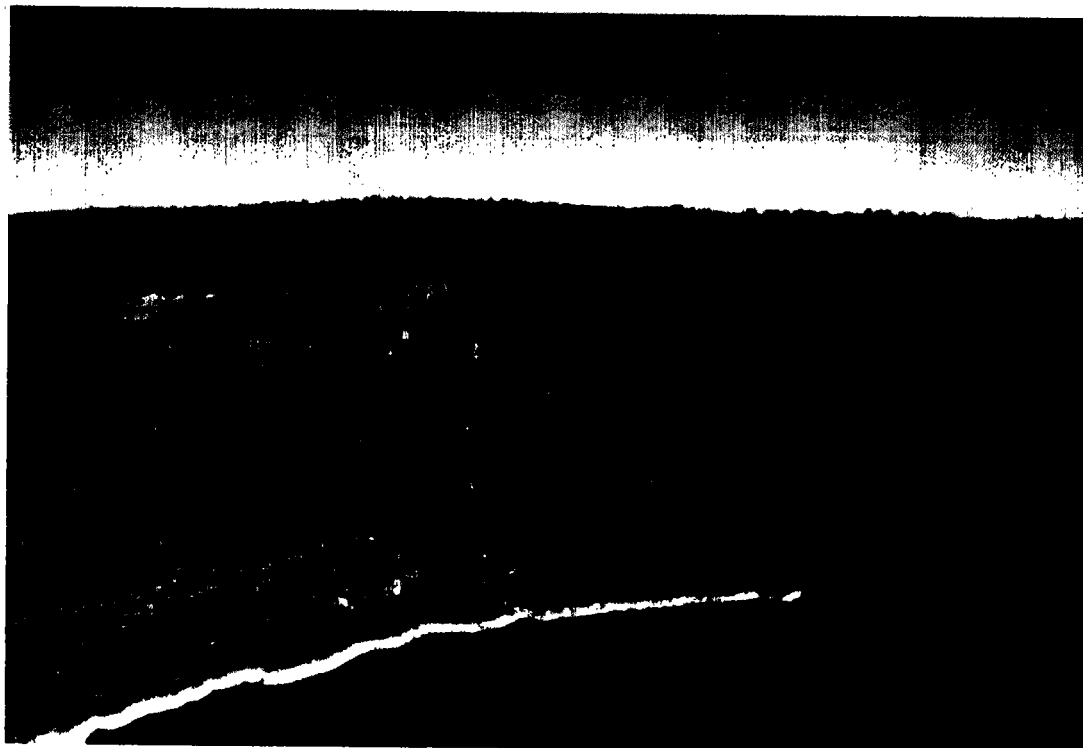
The county also sponsors a defined contributions plan under Internal Revenue Code 401(k), which is administered by the Utah State Retirement Systems (Systems). The Plan covers all county employees who participate in the systems and Utah Public Safety Retirement Systems retirement plans. Participants are fully vested in employer and employee contributions. The County's contributions for 2005, 2004 and 2003 were \$51,028, \$46,362 and \$51,649, respectively. Participants may make tax deferred contributions through a salary reduction agreement up to a maximum of \$13,000. The participants' contributions for the year ended December 31, 2005, 2004 and 2003 were \$36,866, \$36,919 and \$28,462, respectively.

4-C. Contingent Liabilities

Litigation - Daggett County has several pending lawsuits and notice of claims filed by different individuals. These cases are currently pending and the outcome is undeterminable at this time. The county has taken the position to vigorously contest these suits.

Closure and Post-Closure Cost Landfills - During 2003, Daggett County deeded the ½ interest in the landfill to the Town of Manila on the condition the land would continue to be used, operated, and maintained as a public landfill open and available to the residents of the unincorporated area of Daggett County. If the land is not maintained and operated as a public landfill, open and available to the residents of the unincorporated area of Daggett County, the County may reenter and repossess their ½ of the landfill. Currently, the County has no responsibility for closure and post-closure costs associated with the landfill.

This page intentionally left blank.



REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

This page intentionally left blank.

Daggett County
Notes to Required Supplementary Information
December 31, 2005

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund, Class "B" Road Fund, and its major special revenue fund, the Daggett County Road and Transportation District Fund. The County, for administration and accounting purposes, uses a Jail fund to account for the activities at the County Jail. This fund is reported here with the general fund in accordance with generally accepted accounting principles and the State Auditor.

Budgeting and Budgetary Control

Budgets for the General Fund and Class "B" Road Fund, as well as the Daggett County Road and Transportation Fund, are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended December 31, 2005, spending for all funds and departments of the County was within the approved budgets.

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 (Unaudited)**

For the Year Ended December 31, 2005

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Revenues				
Taxes	\$ 820,789	835,673	1,014,277	(178,604)
Licenses and permits	26,000	26,000	29,704	(3,704)
Intergovernmental revenues	374,637	373,119	152,995	220,124
Charges for services	2,526,681	2,666,018	2,641,267	24,751
Fines and forfeitures	55,500	55,500	72,040	(16,540)
Interest	6,000	6,000	21,253	(15,253)
Miscellaneous revenue	34,400	45,716	25,889	19,827
Total revenues	<u>3,844,007</u>	<u>4,008,026</u>	<u>3,957,425</u>	<u>50,601</u>
Expenditures				
General government:				
Commissioners	146,500	161,000	160,974	26
Justice courts	61,750	61,750	59,207	2,543
Auditor/Recorder	133,100	133,100	127,484	5,616
Clerk/Treasurer	136,500	136,500	127,385	9,115
Attorney	60,600	60,600	58,220	2,380
Assessor	65,100	65,100	61,259	3,841
Indigent	14,000	14,800	14,778	22
Non-departmental	171,750	154,840	154,093	747
Buildings and grounds	126,000	136,000	90,409	45,591
Litigation	15,000	15,000	4,730	10,270
Elections	600	600	-	600
Planning Commission	22,000	30,000	28,319	1,681
Capital outlay	8,000	27,910	24,236	3,674
Total general government	<u>960,900</u>	<u>997,200</u>	<u>911,095</u>	<u>86,105</u>
Public Safety:				
Sheriff	476,700	505,516	500,861	4,655
Security provision	479,091	479,091	457,948	21,143
Homicide investigation	-	-	-	-
Fire control	-	9,000	8,717	283
Ambulance	90,600	77,600	77,596	4
Emergency management	33,520	31,620	25,706	5,914
Emergency planning	4,242	5,142	5,131	11
Communications	1,000	1,000	-	1,000
Jail operations	1,297,145	1,411,645	1,385,760	25,885
Capital outlay	15,000	80,000	64,764	15,236
Total public safety	<u>2,397,298</u>	<u>2,600,614</u>	<u>2,526,484</u>	<u>74,130</u>
Public Health	<u>40,200</u>	<u>24,900</u>	<u>9,073</u>	<u>15,827</u>

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 (Unaudited)**

For the Year Ended December 31, 2005

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Highways and public improvements:				
Airport	\$ 169,000	154,000	2,049	151,951
Weeds	9,400	24,400	20,325	4,075
Total highways and public improvements	<u>178,400</u>	<u>178,400</u>	<u>22,375</u>	<u>156,025</u>
Parks, recreation and public property	<u>15,900</u>	<u>15,900</u>	<u>15,591</u>	<u>309</u>
Debt Service:				
Principal	220,000	169,500	149,000	20,500
Interest	<u>117,550</u>	<u>117,550</u>	<u>112,843</u>	<u>4,707</u>
Total debt service	<u>337,550</u>	<u>287,050</u>	<u>261,843</u>	<u>25,207</u>
Total expenditures	<u>3,930,248</u>	<u>4,104,064</u>	<u>3,746,461</u>	<u>357,603</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(86,241)</u>	<u>(96,038)</u>	<u>210,964</u>	<u>(307,002)</u>
Other Financing Sources and (Uses)				
Capital leases	51,000	51,000	51,900	(900)
Transfers in	-	-	-	-
Transfers (out)	<u>(170,452)</u>	<u>(202,761)</u>	<u>(129,309)</u>	<u>(73,452)</u>
Total other financing sources and (uses)	<u>(119,452)</u>	<u>(151,761)</u>	<u>(77,409)</u>	<u>(74,352)</u>
Net Change in Fund Balances	\$ <u>(205,693)</u>	<u>(247,799)</u>	133,555	<u>(381,354)</u>
Fund balances - beginning of year			<u>183,759</u>	
Fund Balances - end of year			<u>\$317,315</u>	

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
"B" ROAD FUND
 (Unaudited)

For the Year Ended December 31, 2005

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Revenues				
Intergovernmental revenues	\$450,000	353,874	324,550	29,324
Charges for services	14,000	14,000	-	14,000
Interest	1,000	1,000	-	1,000
Miscellaneous revenue	2,000	135,431	148,336	(12,905)
Total revenues	467,000	504,305	472,886	31,419
Expenditures				
Highways and public improvements	467,000	534,305	336,699	197,606
Total expenditures	467,000	534,305	336,699	197,606
Excess (deficiency) of Revenues over (under) Expenditures	-	(30,000)	136,187	(166,187)
Other Financing Sources and (Uses)				
Transfers in	195,267	225,267	225,267	0
Transfers (out)	-	(195,267)	(195,267)	0
Total other financing sources and (uses)	195,267	30,000	30,000	-
Net Change in Fund Balances	\$195,267	-	166,187	(166,187)
Fund balances - beginning of year			75,600	
Fund Balances - end of year			\$241,787	

Daggett County
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DAGGETT COUNTY ROADS & TRANSPORTATION
 SPECIAL SERVICE DISTRICT
 (Unaudited)**

For the Year Ended December 31, 2005

	Budgeted <u>Original</u>	Budgeted <u>Final</u>	<u>Actual</u>	Variance with Final Budget <u>Under (Over)</u>
Revenues				
Taxes	\$ 25,000	42,136	26,220	15,916
Intergovernmental	250,000	346,177	346,177	-
Interest	<u>10,000</u>	<u>10,000</u>	<u>42,712</u>	<u>(32,712)</u>
Total revenues	<u>285,000</u>	<u>398,313</u>	<u>415,109</u>	<u>(16,796)</u>
Expenditures				
Highways and public improvements	<u>260,000</u>	<u>373,313</u>	<u>281,109</u>	<u>92,204</u>
Total expenditures	<u>260,000</u>	<u>373,313</u>	<u>281,109</u>	<u>92,204</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>25,000</u>	<u>25,000</u>	<u>134,000</u>	<u>(109,000)</u>
Other Financing Sources and (Uses)				
Transfers	<u>(225,000)</u>	<u>(371,177)</u>	<u>-</u>	<u>(371,177)</u>
Total other financing sources and (uses)	<u>(225,000)</u>	<u>(371,177)</u>	<u>-</u>	<u>(371,177)</u>
Net Change in Fund Balances	<u>\$(200,000)</u>	<u>(346,177)</u>	134,000	<u>(480,177)</u>
Fund balances - beginning of year			<u>1,226,772</u>	
Fund Balances - end of year			<u>\$1,360,772</u>	

This page intentionally left blank.



SUPPLEMENTARY INFORMATION

This page intentionally left blank.

Combining Statements for Administrative Segments of Major Governmental Funds

Combining Balance Sheet – Administrative Segments of Major Governmental Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Administrative Segments of Major Governmental Fund

Operations of the jail are recorded in a separate segment of the general fund for administrative and accounting purposes. In accordance with generally accepted accounting principles and the Utah State Auditor, these segments are reported as a single fund (the general fund) in the basic financial statements.

Similarly, operations of the forest service roads activity are recorded in a separate segment of the Class B road fund and are reported as a single fund (the Class B roads fund) in the basic financial statements.

The combining statements for the segments and funds described above are presented in this section to identify the activities that are accounted for in the separate segments and to reconcile the amounts included in the basic financial statements.

Combining Statements for Non-Major Governmental Funds

Combining Balance Sheet – Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds – Capital Projects Funds

Non-major governmental funds consist of special revenue funds and capital projects funds. A combining statement for each fund type in total is presented in this section as well as separate statements combining the individual funds, both special revenue and capital projects.

Other Schedules

Schedule of Current Taxes Levied, Collected and Treasurer's Relief

This schedule reports, among other things, total taxable value, current tax rates, total taxes charged, and total taxes collected during the year for each taxing entity within the County. This schedule is required by state law.

Daggett County
**COMBINING BALANCE SHEET – ADMINISTRATIVE SEGMENTS OF
MAJOR GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2005

	<u>General Fund Activity</u>			<u>B Roads Fund Activity</u>		
	<u>General Fund</u>	<u>Jail Fund</u>	<u>Total General Funds</u>	<u>Class B Roads</u>	<u>Forest Service Roads</u>	<u>Total Class "B" Roads</u>
ASSETS						
Cash and cash equivalents	\$ 25	-	25	-	195,267	195,267
Investments	99,602	-	99,602	-	-	-
Accounts receivable	19,821	-	19,821	-	14,065	14,065
Property tax receivable	209,122	-	209,122	-	-	-
Due from other governments	173,833	265,640	439,472	82,221	-	82,221
Other assets	<u>505</u>	<u>-</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$502,908</u>	<u>265,640</u>	<u>768,547</u>	<u>82,221</u>	<u>209,331</u>	<u>291,552</u>
LIABILITIES						
Cash deficit	\$190,321	98,974	289,295	46,038	-	46,038
Accounts payable	<u>148,164</u>	<u>13,774</u>	<u>161,938</u>	<u>3,727</u>	<u>-</u>	<u>3,727</u>
TOTAL LIABILITIES	<u>338,485</u>	<u>112,748</u>	<u>451,233</u>	<u>49,765</u>	<u>-</u>	<u>49,765</u>
FUND BALANCES						
Reserved for:						
Jail	-	152,892	152,892	-	-	-
Roads	-	-	-	32,456	209,331	241,787
Unreserved, reported in:						
General Fund	<u>164,423</u>	<u>-</u>	<u>164,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>164,423</u>	<u>152,892</u>	<u>317,315</u>	<u>32,456</u>	<u>209,331</u>	<u>241,787</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$502,908</u>	<u>265,640</u>	<u>768,547</u>	<u>82,221</u>	<u>209,331</u>	<u>291,552</u>

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - ADMINISTRATIVE SEGMENTS OF
 MAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2005

	General Fund Activity			B Roads Fund Activity		
	General Fund	Jail Fund	Total General Funds	Class B Roads	Forest Service Roads	Total Class "B" Roads
REVENUES:						
Taxes:						
Property	\$584,421	-	584,421	-	-	-
In lieu of property tax	62,996	-	62,996	-	-	-
Sales	230,046	-	230,046	-	-	-
Assessing and collecting	121,674	-	121,674	-	-	-
Other taxes	15,140	-	15,140	-	-	-
Licenses and permits	29,704	-	29,704	-	-	-
Intergovernmental	152,995	-	152,995	310,486	14,065	324,550
Charges for services	830,216	1,811,051	2,641,267	-	-	-
Fines and forfeitures	72,040	-	72,040	-	-	-
Interest income	21,248	5	21,253	-	-	-
Miscellaneous revenue	23,375	2,515	25,889	148,336	-	148,336
Total revenues	2,143,855	1,813,570	3,957,425	458,821	14,065	472,886
EXPENDITURES:						
General government	886,859	-	886,859	-	-	-
Public safety	1,075,960	1,385,760	2,461,720	-	-	-
Public health	9,073	-	9,073	-	-	-
Highways and public works	22,375	-	22,375	330,699	-	330,699
Parks and recreation	15,591	-	15,591	-	-	-
Capital outlay	50,186	38,814	89,000	6,000	-	6,000
Debt service:						
Principal	9,000	140,000	149,000	-	-	-
Interest	-	112,843	112,843	-	-	-
Total expenditures	2,069,043	1,677,417	3,746,461	336,699	-	336,699
Excess (deficiency) of revenues over (under) expenditures	74,812	136,153	210,964	122,122	14,065	136,187
Other Financing Sources (Uses):						
Capital lease financing	25,950	25,950	51,900	-	-	-
Transfers in	-	-	-	30,000	195,267	225,267
Transfers out	(60,226)	(69,083)	(129,309)	(195,267)	-	(195,267)
Total other financing sources (uses)	(34,276)	(43,133)	(77,409)	(165,267)	195,267	30,000
Net change in fund balances	40,536	93,020	133,555	(43,145)	209,331	166,187
Fund balances - beginning of year	123,887	59,872	183,759	75,600	-	75,600
Fund balances - end of year	\$164,423	152,892	317,315	32,456	209,331	241,787

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	Total Special Revenue Funds (1)	Total Capital Project Funds (2)	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$276,646	319,381	596,027
Receivables	15,519	-	15,519
Due from other governments	<u>20,572</u>	<u>-</u>	<u>20,572</u>
TOTAL ASSETS	<u>\$312,739</u>	<u>319,381</u>	<u>632,118</u>
LIABILITIES			
Cash deficit	\$ 10,447	-	10,447
Accounts payable	<u>28,820</u>	<u>-</u>	<u>28,820</u>
TOTAL LIABILITIES	<u>39,267</u>	<u>-</u>	<u>39,268</u>
FUND BALANCES			
Reserved for:			
Special Revenue	273,469	-	273,469
Capital Projects	<u>-</u>	<u>319,381</u>	<u>319,381</u>
TOTAL FUND BALANCES	<u>273,469</u>	<u>319,381</u>	<u>592,850</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$312,737</u>	<u>319,381</u>	<u>632,118</u>

(1) See separate combining statement for the individual non-major special revenues on page 56.

(2) See separate combining statement for the individual non-major capital projects funds on page 58.

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2005

	Total Special Revenue Funds (1)	Total Capital Project Funds (2)	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ 85,572	-	85,572
Intergovernmental	262,353	-	262,353
Charges for services	153,324	-	153,324
Miscellaneous revenue	<u>10,157</u>	-	<u>10,157</u>
Total revenues	<u>511,405</u>	<u>-</u>	<u>511,405</u>
EXPENDITURES:			
General government	34,326	-	34,326
Public safety	261,615	1,000	262,615
Parks and recreation	12,508	-	12,508
Economic development	66,423	-	66,423
Capital outlay	<u>169,335</u>	<u>114,000</u>	<u>283,335</u>
Total expenditures	<u>544,207</u>	<u>115,000</u>	<u>659,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,801)</u>	<u>(115,000)</u>	<u>(147,801)</u>
Other Financing Sources (Uses):			
Transfers in	39,309	60,000	99,309
Transfers out	-	-	-
Total other financing sources (uses)	<u>39,309</u>	<u>60,000</u>	<u>99,309</u>
Net change in fund balances	6,508	(55,000)	(48,492)
Fund balances - beginning of year	<u>266,961</u>	<u>374,381</u>	<u>641,342</u>
Fund balances - end of year	<u>\$273,469</u>	<u>319,381</u>	<u>592,850</u>

(1) See separate combining statement for the individual non-major special revenues on page 57.

(2) See separate combining statement for the individual non-major capital projects funds on page 59.

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds
For the Year Ended December 31, 2005

	Search & Rescue	Predator Control	Museum	Transient Room Tax	Sheriff's Office LLEBG	Sheriff's Office UHP	Home-land Security	Com-missary	Park	Global Positioning System	Geo Info System	Eco-nomic Devel-opment	Total Special Revenue Funds
ASSETS													
Cash and cash equivalents	\$8,547	362	15,774	97,857	0	-	29,463	-	60,302	34,882	27,941	1,518	276,646
Receivables	-	-	-	-	-	-	-	7,785	-	-	-	7,753	15,519
Due from other governments	-	705	-	-	-	5,965	12,568	1,334	-	-	-	-	20,572
TOTAL ASSETS	\$8,547	1,067	15,774	97,857	0	5,965	42,030	9,119	60,302	34,882	27,941	9,251	312,737
LIABILITIES													
Cash deficit	\$ -	-	-	-	-	7,620	-	2,827	-	-	-	-	10,447
Accounts payable	18	270	-	4,700	-	-	21,134	2,686	13	-	-	-	28,820
TOTAL LIABILITIES	18	270	-	4,700	-	7,620	21,134	5,513	13	-	-	-	39,268
FUND BALANCES													
Reported in:													
Special revenue	8,530	797	15,774	93,157	0	(1,655)	20,897	3,606	60,289	34,882	27,941	9,251	273,469
TOTAL FUND BALANCES	8,530	797	15,774	93,157	0	(1,655)	20,897	3,606	60,289	34,882	27,941	9,251	273,469
TOTAL LIABILITIES AND FUND BALANCES	\$8,547	1,067	15,774	97,857	0	5,965	42,030	9,119	60,302	34,882	27,941	9,251	312,737

Daggett County

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds**

For the Year Ended December 31, 2005

	Search & Rescue	Predator Control	Museum	Transient Room Tax	Sheriff's Office LLEBG	Sheriff's Office UHP	Home- land Security	Com- missary	Park	Global Posit- ioning System	Geo Info System	Eco- nomic Devel- opment	Total Special Revenue Funds
REVENUES:													
Taxes	\$ -	-	-	71,009	-	-	-	-	14,563	-	-	-	85,572
Intergovernmental	-	3,030	-	500	-	25,661	200,428	-	-	-	25,000	7,733	262,353
Charges for services	-	-	-	-	-	-	-	153,324	-	-	-	-	153,324
Miscellaneous revenue	266	5,430	510	-	-	-	-	-	100	-	-	3,851	10,157
Total revenues	266	8,460	510	71,509	-	25,661	200,428	153,324	14,663	-	25,000	11,585	511,405
EXPENDITURES:													
General government	-	-	-	-	-	-	-	-	-	158	34,168	-	34,326
Public safety	9,572	-	-	-	8	34,815	86,292	130,927	-	-	-	-	261,615
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and public works	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	6,060	398	-	-	-	-	-	6,050	-	-	-	12,508
Economic development	-	-	-	64,090	-	-	-	-	-	-	-	2,333	66,423
Capital outlay	-	-	-	-	-	-	152,801	11,406	-	-	5,128	-	169,335
Total expenditures	9,572	6,060	398	64,090	8	34,815	239,093	142,333	6,050	158	39,295	2,333	544,207
Excess (deficiency) of revenues over (under) expenditures	(9,306)	2,400	112	7,420	(8)	(9,154)	(38,665)	10,991	8,613	(158)	(14,295)	9,251	(32,801)
Other Financing Sources (Uses):													
Transfers in	1,000	-	4,000	-	-	13,226	-	19,083	-	-	2,000	-	39,309
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,000	-	4,000	-	-	13,226	-	19,083	-	-	2,000	-	39,309
Net change in fund balances	(8,306)	2,400	4,112	7,420	(8)	4,072	(38,665)	30,074	8,613	(158)	(12,295)	9,251	6,508
Fund balances - beginning of year	16,836	(1,603)	11,662	85,737	8	(5,726)	59,562	(26,468)	51,676	35,041	40,236	-	266,961
Fund balances - end of year	\$8,530	797	15,774	93,157	=	(1,655)	20,897	3,606	60,289	34,882	27,941	9,251	273,469

Daggett County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Capital Project Funds

For the Year Ended December 31, 2005

	<u>Ambulance</u>	<u>Computer</u>	<u>Building</u>	<u>Jail</u>	<u>Total Capital Project Funds</u>
ASSETS					
Cash and cash equivalents	\$59,794	10,637	248,951	-	319,381
Investments	-	-	-	-	-
Due from other governments	-	-	-	-	-
TOTAL ASSETS	<u>59,794</u>	<u>10,637</u>	<u>248,951</u>	<u>-</u>	<u>319,381</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for: Capital Projects	59,794	10,637	248,951	-	319,381
TOTAL FUND BALANCES	<u>59,794</u>	<u>10,637</u>	<u>248,951</u>	<u>-</u>	<u>319,381</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$59,794</u>	<u>10,637</u>	<u>248,951</u>	<u>-</u>	<u>319,381</u>

Daggett County
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Capital Project Funds

For the Year Ended December 31, 2005

	<u>Ambulance</u>	<u>Computer</u>	<u>Building</u>	<u>Jail</u>	<u>Total Capital Project Funds</u>
REVENUES:					
Intergovernmental	\$ -	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:					
General government	-	-	-	-	-
Public safety	-	-	-	1,000	1,000
Capital outlay	-	-	15,000	99,000	114,000
Total expenditures	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>100,000</u>	<u>115,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(100,000)</u>	<u>(115,000)</u>
Other Financing Sources (Uses):					
Transfers in	\$ 5,000	5,000	-	50,000	60,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>50,000</u>	<u>60,000</u>
Net change in fund balances	5,000	5,000	(15,000)	(50,000)	(55,000)
Fund balances - beginning of year	<u>54,794</u>	<u>5,637</u>	<u>263,951</u>	<u>50,000</u>	<u>374,381</u>
Fund balances - end of year	<u>\$59,794</u>	<u>10,637</u>	<u>248,951</u>	<u>-</u>	<u>319,381</u>

This page intentionally left blank.

DAGGETT COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
FOR THE 2005 PROPERTY TAX YEAR

TAX UNITS	TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	TREASURER'S RELIEF			TOTAL RELIEF	NET TAX COLLECTED	
				UNPAID TAXES	ABATEMENTS	OTHER		AMOUNT	PERCENT
Daggett County	187,200,740	0.003149	\$ 589,514	\$ 27,042	\$ 1,778	\$ (6,823)	\$ 21,997	\$ 567,517	96.27%
Daggett County State Assessing & Collection	187,200,740	0.000178	33,307	1,526	100	(331)	1,295	32,012	96.11%
Daggett County Co. Assessing & Collection	187,200,740	0.000305	57,051	2,647	174	(681)	2,140	54,911	96.25%
Daggett County School District - General	187,200,740	0.002442	457,237	20,919	1,376	(4,429)	17,866	439,371	96.09%
Daggett County School District - Basic	187,200,740	0.001769	331,198	15,175	1,007	(3,292)	12,890	318,308	96.11%
Manila Town	32,327,530	0.000864	27,917	1,640	308	(248)	1,700	26,217	93.91%
Daggett Water & Sewer District	19,905,125	0.000723	14,400	909	66	(103)	872	13,528	93.94%
Daggett County Mosquito District	54,416,250	0.000332	18,063	1,025	147	(144)	1,028	17,035	94.31%
Daggett County Service Area	2,299,195	0.001286	2,957	153		(2)	151	2,806	94.89%
Total			\$ 1,531,644	\$ 71,036	\$ 4,956	\$ (16,053)	\$ 59,939	\$ 1,471,705	

OTHER COLLECTIONS

	FEE IN LIEU	AGE-BASED	MISC. COLLECTION	DELINQUENT INTEREST AND PENALTY	
				TAXES	
Daggett County	\$ 62,996		\$ 34,855	\$ 13,727	\$ 2,790
Daggett County State Assessing & Collection	3,686		190	835	34
Daggett County Co. Assessing & Collection	3,563		312	829	34
Daggett County School District - General	53,555		20,928	12,276	504
Daggett County School District - Basic	36,864		15,143	8,338	336
Manila Town	6,105		180	210	51
Daggett Water & Sewer District	3,815		(353)	47	48
Daggett County Mosquito District	4,231		101	98	43
Daggett County Service Area	550		16	28	7
Total	\$ 175,365	\$ -	\$ 71,372	\$ 36,388	\$ 3,847

This page intentionally left blank.



OTHER REPORTS

This page intentionally left blank.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435)637-1203 · FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Daggett County
Manila, Utah 84046

Re: Report on Legal Compliance with
Applicable Utah State Laws and
Regulations

Ladies/Gentlemen:

We have audited the financial statements of Daggett County for the year ended December 31, 2005, and have issued our report thereon dated May 20, 2006. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; and special tests and provisions applicable to each of its major State assistance programs, as required by the State of Utah's Legal Compliance Audit Guide, for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah.

Class "B" Road Allotment (Department of Transportation)
Liquor Law Enforcement (Utah State Tax Commission)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the County's financial statements.)

Division of Wildlife Resources (State of Utah DWR)
Emergency Medical Services (Department of Health & Human Services)
EMS Ambulance Grant (Department of Health & Human Services)
EMS CME Training (Department of Health & Human Services)
Public Library Services (Department of Community and Economic Development)
Geographical Grant (Department of Transportation)
Homicide Grant (Department of Community and Economic Development)
Timber/Wood Product Resource Mgt (Department of Community & Economic Dev)
Small Wood Utilization Grant (Department of Community and Economic Development)
JAG (Department of Health and Human Services)
Justice Court Grant (Department of Health and Human Services)
Local Emergency Planning (Department of Community & Economic Development)
AGRC Grant (Department of Community & Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Other Compliance Requirements
Special Districts

Justice Courts
B & C Roads
Statement of Taxes Charged,
Grant Collected and Disbursed
Truth in Taxation and
Property Tax Limitations

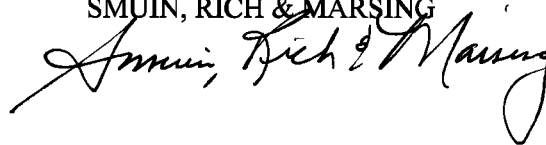
The management of the County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Daggett County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

SMUIN, RICH & MARSING



Price, Utah

May 20, 2006

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435)637-1203 · FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Report on Compliance and on Internal
Control Over Financial Reporting Based on
an Audit of Financial Statements Performed
in Accordance With Government Auditing
Standards

We have audited the financial statements of Daggett County as of and for the year ended December 31, 2005, and have issued our report thereon dated May 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

Amuin, Rich & Marsing

Price, Utah

May 20, 2006

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435)637-1203 · FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Daggett County
Manila, Utah 84046

RE: Report on Compliance With Requirements
Applicable to Each Major Program and
Internal Control Over Compliance in
Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Daggett County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

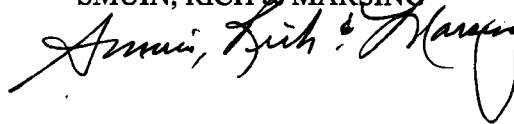
Internal Control Over Compliance

The management of Daggett County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 20, 2006

DAGGETT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Daggett County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Daggett County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance, for the major federal award programs, for Daggett County expresses an unqualified opinion.
6. The audit of Daggett County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The program tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Homeland Security	97.067
US Bureau of Reclamation Man Power	15.503

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Daggett County was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

DAGGETT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT DECEMBER 31, 2005
U.S. DEPARTMENT OF AGRICULTURE:							
Direct Program:							
10.564	SISK Cooperative Agr.		\$ 60,000	\$ 50,093	\$ 50,093		
10.564	SISK Cooperative Agr.		60,000	10,268	10,268		
Pass through State of Utah:							
Tree Grant							
10.670			2,900	2,900	2,900		
10.670	National Forest - Dependent Rural Communities		31,537	31,537	31,537		
	Total U.S. Department of Agriculture		\$ 154,437	\$ 94,798	\$ 94,798		\$...
U.S. DEPARTMENT OF JUSTICE							
Direct Program:							
16.710	Cops Universal Hiring Program		\$ 75,000	\$ 27,191	\$ 27,191		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Pass through State of Utah:							
14.239	Olene Walker Housing Loan Fund		\$ 222,030	\$ 172,542	\$ 172,542		\$...
U.S. DEPARTMENT OF THE INTERIOR							
Direct Program:							
15.503	Bureau of Reclamation		\$ 493,472	\$ 126,050	\$ 126,050 *		
15.503	Bureau of Reclamation		493,472	347,942	347,942 *		
15.BBY	Bureau of Reclamation - Dutch John		4,500,000	345,668	345,668		
	Total U.S. Department of the Interior		\$ 5,486,944	\$ 819,660	\$ 819,660		\$...

DAGGETT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED OR (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED OR (DEFERRED) REVENUE AT DECEMBER 31, 2005
		\$ 199,487		\$ 156,204	\$ 156,204 *	
		49,962		43,910	43,910	
		\$ 249,449	\$...	\$ 200,114	\$ 200,114	\$...
		\$ 3,000		\$ 3,000	\$ 3,000	
		\$ 3,000	\$...	\$ 3,000	\$ 3,000	\$...
		\$ 6,190,860	\$...	\$ 1,317,305	\$ 1,317,305	\$...

U.S. DEPARTMENT OF HOMELAND SECURITY

Pass through State of Utah:

Homeland Security Grant Program

Buffer Zone Protection Grant - BZP 5

Total U.S. Department of Homeland Security

FEDERAL EMERGENCY MANAGEMENT AGENCY

Pass through State of Utah:

FEMA

Total Federal Emergency Management Agency

TOTAL FEDERAL ASSISTANCE

* Major Program

DAGGETT COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Daggett County. The County reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

DAGGETT COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

Daggett County had no prior audit findings that were required to be reported, in the previous audited financial statements.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

September 6, 2006

Daggett County
County Commissioners
Manila, Utah 84046

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Daggett County for the year ended December 31, 2005.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

STATE OF UTAH LEGAL COMPLIANCE

Deficit Fund Balances

According to State of Utah law, Counties are not allowed to spend more funds than what they receive, by doing so, they create a deficit in the department or fund. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of available funds, is illegally created debt in violation of the Utah Constitution. During the audit, we found the Sheriff's Office UHP Fund had a deficit fund balance for the year ending December 31, 2005.

We recommend the County take the necessary steps to remove the deficit during their next calendar year.

County Response

The County will review the fund mentioned and take the necessary steps to determine if a deficit does exist and if so, make changes to eliminate the deficit.

C-500 Reports

Utah Code Section 51-4-2 requires that each County that has collected funds that are due to the State shall, on or before the tenth day of each month, pay all of those funds that were receipted during the last month.

From examination of the C-500 reports, it was found that six out of the twelve reports filed during the year were filed late. We recommend the County comply with State of Utah requirement and make sure reports are filed on a timely basis.

County's Response

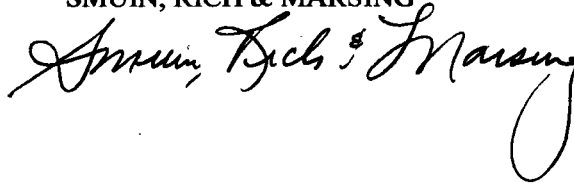
The County will review the filing due dates with employees and make sure C-500 reports are filed on a timely basis. .

SUMMARY

We feel the accounting procedures and State Compliance issues mentioned above are areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", with a large, stylized loop at the end.